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THE POULTRY AND EGG SITUATION

Summary

Important factors in the poultry and egg situation in May, as reported by the Bureau of Agricultural Economics, were: (1) the continued exceptionally unfavorable feed-egg ratio, (2) definite evidence of smaller hatchings this spring, (3) the development of a large carryover stock of frozen poultry, and (4) the continued increase of storage stocks of eggs above those of 1936.

The farm price of chickens appears to have reached its seasonal peak. The seasonal decline is likely to be greater than average during the next 3 or 4 months because of the price depressing effect of the large storage stocks of frozen poultry. In the last 4 months of the year, however, smaller marketings than in 1936, due to a smaller hatch, will tend to lessen the seasonal decline in prices and possibly to eliminate it during that period.

The farm price of eggs is near its low point for the year and by the end of June is likely to have begun its seasonal advance to December. Because of the larger stocks of eggs in storage than in 1936 the advance from the March-June average is not likely to be as great as it was then.

In the first half of 1938, however, when storage stocks are used up and the 1937 crop of pullets will provide the important source of supply, egg prices are likely to exceed those of 1937.

Feed situation

The feed situation in May, as represented by the Chicago feed-egg ratio, continued at the unfavorable level set in April. Declines in both feed prices and in egg prices kept the ratio near 11 throughout the month.

The feed-egg ratio at Chicago, by weeks, average 1925-34, annual 1935-37

(Dozens of eggs required to buy 100 pounds of poultry ration)

Year	Week ended as of 1937									
	Mar. 6	Apr. 3	May 1	May 8	May 15	May 22	May 29	June 5	July 3	July 31
	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.
Average 1925-34	6.20	6.23	6.43	6.43	6.48	6.56	6.82	6.98	6.71	6.56
1935	7.30	7.10	6.77	6.58	6.41	6.43	6.43	6.34	6.22	6.35
1936	5.11	6.48	6.01	5.84	5.69	5.86	5.78	5.60	6.32	7.35
1937	9.17	9.72	10.80	11.31	10.67	10.92	11.10			

As shown by the 1925-34 average, the feed-egg ratio normally rises to a peak in June. A decline to an average (1925-34) ratio of 4 by December usually follows. A decline to such a level does not now seem likely in 1937 because a less than average seasonal advance in egg prices is anticipated. The feed situation this summer and fall, however, will greatly affect the decline.

Hatchings

As was pointed out in March, the high feed-egg ratio of October to March would be expected to cause a reduction in the total hatch, both farm and commercial, of 7 to 10 percent in 1937 from that of 1936.

Reports from commercial hatcheries in April showed an 8.6 percent decrease in salable chicks hatched as compared with April 1936. For the period January through April the decrease is 3.2 percent. For May, preliminary hatchery reports showed a decrease under 1936 of 29 percent.

The number of young chickens in farm flocks, a good measure of the total hatch, was 6.8 percent less on May 1 than a year before. Of the variou dates at which this information is reported, June 1 probably gives the best indication of the total hatch; it is late enough to include most of the hatch and is early enough to include the large numbers of broilers sold in June.

Poultry marketings

Receipts of dressed poultry at the four markets - New York, Chicago, Boston, and Philadelphia - were 12 percent greater in May than in April. This is less than the average (1925-34) seasonal increase of 21 percent from April to May.

Receipts of dressed poultry at the four markets, average 1925-34, annual 1935-37

Year	Total Jan.-Mar.	Apr.	May	June	Total Apr.-June	Total July-Sept	Total Oct.-Dec.
	Mil.lbs.	Mil.lbs.	Mil.lbs.	Mil.lbs.	Mil.lbs.	Mil.lbs.	Mil.lbs.
Average 1925-34	65.7	15.4	18.6	21.0	55.0	67.8	168.7
1935	48.7	13.5	14.4	18.3	46.2	56.0	141.2
1936	47.5	14.5	17.9	21.7	54.1	75.3	177.2
1937	55.3	17.3	19.3				

Receipts are high now relative to other years partly because of a large out-of-storage movement of poultry. Storage movement and flock reductions may keep receipts above those of 1936 through the summer. From September to the end of the year, however, the reduction in hatchings this year will tend to keep receipts below those of 1936.

Poultry storage

Despite an exceptionally heavy out-of-storage movement from January to May, stocks of frozen poultry in early June were at a record high for that period. Poultry stocks reach a minimum in the summer; these large carryover stocks will have a depressing effect upon poultry prices during the next 3 or 4 months.

Storage holdings and out-of-storage movement of frozen poultry at 26 markets, average 1925-34, annual 1935-37

Year	In storage May 29	Out-of-storage movement Jan.-May	Out-of-storage movement May 1-May 29
	Million pounds	Million pounds	Million pounds
Average 1925-34	38.4	57.1	9.1
1935	35.7	65.1	9.2
1936	32.2	49.7	6.1
1937	60.3	80.7	14.8

In connection with the out-of-storage movement this year it is of interest to note that poultry used in canning has run from 25 to 30 percent above 1936 in the months January through April. No data are available to show how much of this canning poultry has come from storage, however, nor are data available to show how long it will be held before going into consumption.

Chicken prices

The farm price of chickens fell by 2.6 percent from April 15 to May 15. Normally an advance of 1.9 percent occurs. The peak ordinarily comes in May and averages 11.6 percent above the January price. The 1937 May price is 10.4 percent above that of January. It is not clear now whether the April price was a temporary advance or whether it will be the peak price of the season. In "average" years prices decline from May to December. In several respects, however, 1937 is not an "average" year. Record stocks of frozen poultry and heavy receipts will tend to accentuate the seasonal price decline during the next 3 or 4 months. With consumer incomes now about average (1925-34), any further improvement would tend to lessen the seasonal decline in the farm price of poultry. The reduction in the hatch also will tend to lessen the decline. The outlook now, therefore, suggests a greater than average decline through the summer and a less than average decline, or possibly an advance, from September to December. As pointed out last month, however, it is probable that the total decline from May through December will be less than average.

Average price per pound received for chickens by farmers in the United States, 15th of the month, 1935-37

Year	Jan.	Feb.	Mar.	Apr.	May	June	Oct.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1935	12.4	13.4	14.2	15.5	15.7	15.6	15.7	16.0
1936	16.5	16.9	16.6	16.9	16.6	16.4	14.0	12.6
1937	13.4	13.6	14.4	15.2	14.8			
	Average seasonal index (average for the year = 100)							
Average 1921-30	94.9	98.3	100.0	103.9	105.9	105.7	98.5	92.2

Index of national income, excluding agriculture, average 1925-34, annual 1935-36

(1924-29 = 100)

Year	Jan.	Feb.	Mar.	Apr.	May	June	Oct.	Dec.
Average 1925-34	91.0	90.7	90.2	89.7	89.6	89.6	88.6	88.8
1935	73.5	75.5	74.4	72.3	74.4	73.8	74.3	79.9
1936	78.6	78.5	81.6	78.7	82.2	83.3	87.3	97.2
1937	87.8	88.8	1/89.7	91.1				

1/ Revised from last month.

Laying flock size

The number of hens and pullets of laying age in farm flocks averaged 3.7 percent more on May 1, 1937, than a year earlier. The period January 1 to September 1 is one of steadily diminishing flocks, as there are normally about 25 percent fewer layers on September 1. The decline so far in 1937 has been 13.2 percent while the 1925-34 average is 11.5 percent. With a high feed-egg ratio this summer, unfavorable to feeding for egg production, it is likely that the total decline in size of laying flock will be more than average. This, together with a reduction in the hatch, may bring the number of layers this fall below the number a year earlier.

Average number of laying hens in farm flocks, average 1925-34, annual 1935-37

Year	Jan.1	Feb.1	Mar.1	Apr.1	May 1	June 1	Oct.1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	87.5	87.2	84.7	82.0	77.4	73.4	70.4	81.9
1935	78.3	77.6	75.8	72.9	69.1	65.1	65.1	76.6
1936	80.6	79.1	76.7	74.8	70.5	66.5	66.9	78.9
1937	84.2	82.5	80.0	77.5	73.1			

Rate of egg production

The rate of egg production reported on May 1 was the highest on record, 2.3 percent above 1936 and 4.9 percent above the 1925-34 average. It is not likely that the rate of production will be maintained for long above the 1925-34 average.

Eggs laid per 100 hens and pullets of laying age in farm flocks, average 1925-34, annual 1935-37

Year	Jan. 1	Feb. 1	Mar. 1	Apr. 1	May 1	June 1	Oct. 1	Dec. 1
	Number	Number	Number	Number	Number	Number	Number	Number
Average 1925-34	16.5	24.2	38.4	52.8	55.1	49.5	25.0	13.9
1935	16.9	21.7	37.3	53.9	55.2	50.3	25.9	16.3
1936	19.1	24.0	32.6	54.7	56.5	51.2	25.1	16.0
1937	22.0	25.7	39.2	52.8	57.8			

Egg marketings

Receipts of eggs at the four markets in May were 6.3 percent below the May 1925-34 average. The increase over April was 7.4 percent while in 1925-34 the average change was a decrease of 5.5 percent. The future course of receipts will depend to quite an extent upon the feed situation this summer and fall.

Receipts of eggs at four markets, average 1925-34, annual 1935-37

Year	Jan.-Mar.	Apr.	May	June	Apr.-June
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Average 1925-34	3,666	2,291	2,210	1,684	6,185
1935	2,891	1,779	1,871	1,429	5,079
1936	3,249	1,922	2,003	1,646	5,571
1937	3,392	1,928	2,070		

Egg storage stocks

The into-storage movement of shell eggs in May, as measured at the 26 major storage centers, was 9.6 percent greater than in May 1936. Because earlier storing had been from 20 to 30 percent greater than in 1936, however, stocks in storage on May 29 were 24 percent above those of a year earlier. It was pointed out in April that, on the basis of past relationships with receipts, an increase was likely of 23 percent over 1936 in peak stocks on August 1. In addition, stocks of frozen eggs were 31 percent above those of 1936 on May 29 at the 26 cities. Since frozen eggs may be held longer than shell eggs they will not be so great a price depressing factor this fall.

Cold storage holdings of eggs at 26 markets, average 1925-34, annual 1935-37

Year	Week ended as of 1937									
	Feb. 27	Apr. 3	Apr. 10	Apr. 17	Apr. 24	May 1	May 8	May 15	May 22	May 29
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
Average 1925-34	90	1,068	1,530	2,033	2,587	3,163	3,694	4,206	4,668	5,089
1935	31	1,199	1,525	1,857	2,216	2,598	2,969	3,397	3,742	4,106
1936	5	610	897	1,271	1,642	2,043	2,477	2,938	3,377	3,787
1937	219	953	1,309	1,748	2,245	2,783	3,307	3,809	4,272	4,694

Egg prices

The farm price of eggs dropped sharply from April 15 to May 15, reaching the lowest price this year.

Average price of eggs per dozen, mixed colors, special packed at New York, and the United States farm price, 1935-37

Year and price	Jan.	Feb.	Mar.	Apr.	May	June	Oct.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
N. Y. price:								
1935........	32.9	31.0	24.1	26.6	27.5	26.9	32.8	32.3
1936	27.9	32.6	23.5	22.8	23.9	25.1	33.5	34.3
1937	26.5	24.3	26.0	25.0	23.8			
U. S. farm price								
1935	25.0	25.6	18.6	20.0	21.4	21.0	27.9	28.7
1936	22.8	23.8	17.5	16.8	18.1	18.9	27.6	30.5
1937	23.1	20.1	19.9	20.1	17.9			
	Seasonal index of farm prices (average for year = 100)							
1921-30	125.0	102.0	74.4	72.6	73.7	74.2	118.9	151.2

In most years egg prices do not begin to rise sharply until the end of June. December prices average about double the March-June average.

It is doubtful if the seasonal increase in farm egg prices will be as great this year as average. Storage stocks will have a distinctly depressing effect on prices which may not be offset by advancing consumer incomes. There is little chance that marketings will be light enough to cause an average seasonal advance.

By the end of the year, however, and in early 1938, the smaller flocks in prospect will tend to lessen the seasonal winter price decline and to keep prices in the spring above those of the corresponding period in 1937. It should be noted that with the flock size as low as it is now, relative to the 1925-34 average, an increase in the hatch is needed to replenish the nation's supply of poultry.

Poultry: Total poultry canned or used in canning 1930-37

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
1930	2,248	2,399	2,281	2,115	2,113	2,206	1,984	2,690	2,416	1,609	1,885	2,048	1/ 25,993
1931	1,568	1,391	1,897	1,399	946	1,076	1,346	1,595	1,369	954	767	1,332	15,690
1932	1,268	1,413	1,570	1,137	1,186	1,039	550	625	483	976	1,310	1,337	12,894
1933	1,461	1,546	1,233	762	703	950	795	1,270	1,074	1,152	1,458	1,358	13,763
1934	1,507	1,219	1,851	1,353	1,298	1,453	1,693	1,505	1,418	1,206	1,627	1,801	17,931
1935	2,289	2,127	2,055	1,386	1,850	1,936	2,477	1,994	1,001	1,225	1,613	2,023	21,977
1936	2,433	2,385	1,961	2,032	2,382	2,880	3,973	3,032	1,511	2,532	2,537	3,436	31,095
1937	3,258	3,043	3,244	2,491									

1/ Revised.